

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7291

BILL NUMBER: HB 1279

DATE PREPARED: Jan 7, 2001

BILL AMENDED:

SUBJECT: Design-build Public Works Projects.

FISCAL ANALYST: John Parkey

PHONE NUMBER: 232-9854

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes a public agency to enter into a design-build contract for the performance of a public works project by the public agency. The bill establishes the procedures for solicitation and award of a design-build contract.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The bill would allow public agencies to enter into design-build contracts. The specific impact of this bill on expenditures on public entities is indeterminable.

Background Information: Design-build contracts involve design and construction services being provided to public agencies by a single entity. For descriptive purposes, the procedures involved with a design-build contract can be described as a three-phase process.

Phase One: In this phase, the public agency publishes a notice of a request for qualifications for a public works project. A technical review committee is then established to qualify potential design-builders for the project. The committee is required to evaluate a number of factors to qualify potential design-builders; including the builder's experience, bonding capacity, managerial resources, safety capacity, past performance, and ability to complete the work on time. Based on its evaluation of these and other factors, the committee then selects a small group of potential design-builders considered to be the most qualified.

Phase Two: In this phase, design criteria specific to the project are submitted to the selected potential design-builders. The group of potential design-builders addressing the design criterion is required to submit two proposals, a qualitative proposal and price proposal. The price proposal is required to include the total cost of the project and a maximum cost the contract will not exceed.

Phase Three: In this final phase, the technical review committee scores each qualitative proposal. Next, after

opening the sealed price proposals, the committee divides each offeror's price by the score of the qualitative proposal. The accepted proposal has the lowest adjusted price.

The U.S. General Services Administration (GSA) states that one of the advantages of design-build contracts can be a simplification of the design and construction process, and guaranteed costs. A disadvantage of a design-build contract can be that they may reduce an agency's input into the design process.

Explanation of State Revenues:

Explanation of Local Expenditures: The specific impact of this bill on expenditures on public entities is indeterminable and dependent on local action.

Explanation of Local Revenues:

State Agencies Affected: Department of Administration; public universities.

Local Agencies Affected: Counties, municipalities, townships.

Information Sources: Jay McQueen, Department of Administration, (317) 232-7636; U.S. General Services Administration.